

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS****DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
STATE OF LOUISIANA**

**For the year ended  
June 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 27 2013**

Louisiana State Board of Private Security Examiners  
Department of Public Safety and Corrections  
State of Louisiana  
BATON ROUGE, LOUISIANA

Annual Financial Reports  
As of and for the year ended  
June 30, 2013

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**MICHAEL K. GLOVER**  
**CERTIFIED PUBLIC ACCOUNTANT**

*(A Professional Accounting Corporation)*

**9497 BROOKLINE  
BATON ROUGE, LOUISIANA 70809  
(225) 295-1860**

Exhibit A

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
For the Year Ended June 30, 2013**

Louisiana State Board of Private Security Examiners  
State of Louisiana  
Baton Rouge, LA

I have performed the procedures enumerated below as they are a required part of the engagement. I am required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, I have marked "not applicable."

Management of the Louisiana State Board of Private Security Examiners is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana State Board of Private Security Examiners and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Private Security Examiners compliance with certain laws and regulations during the year ended June 30, 2013.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***General***

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1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

To Board does not have written policies that cover any of the policies and procedures listed above. However, the Board does follow all applicable State of Louisiana policies in relation to travel expense and ethics.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

There were no variances by line items that were greater than 10% or more of the respective total assets, liabilities, equity, revenues or expenses.

***Cash***

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1. Prepare a proof of cash for the period covered by the financial statements.

A proof of cash was prepared for the period covered by the financial statements without exception.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

The person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

Bank reconciliations have been prepared for all months in the period covered by the financial statements. There is no evidence of management reviewing the bank reconciliations. The reconciled balance for the final month of the fiscal year agrees to the general ledger.

### ***Credit Cards***

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1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

The information was maintained.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

The information was obtained,

- Determine if each purchase is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
  - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

Purchases were supported by original receipts and business purpose. No other documentation was required.

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

Public Bid Laws were not applicable.

- B. Determine if there is evidence of management review of the two selected statements.

There was no evidence of management review of the individual receipts attached to the statements.

### ***Travel and Expense Reimbursement***

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1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

List was obtained

- A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

- Determine if each expenditure is:

- Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.

Reimbursements were in compliance with the State of Louisiana travel and expense reimbursement policies.

- For an appropriate and necessary business purpose relative to the travel

The travel expense examined, were for business purposes related to the agency.

- Determine if each expenditure is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)  
[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

Original receipts were available where applicable. The business purpose of the reimbursements were identified on the Travel account voucher that was turned in with the receipts.

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense report for the employees selected were approved, however, the expense report for the Executive Secretary was not.

## **Contracts**

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1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

Five vendors were selected.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- (1) Services

A list was obtained.

- (2) Materials and supplies - Not applicable

- (3) Public works - Not applicable

- A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation.

I obtained managements representation that none of the contracts were related parties.

- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:

- If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

Not applicable

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

This agency does not purchase the quantity of office supplies or have services that are subject to the bidding process; however, they are using good business practices to assure themselves that they are getting supplies and services at a reasonable competitive price.

- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

None of the contracts were amended.

- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.

Of the 3 contracts selected, the payments were in compliance with the terms and conditions of the contracts.

- Determine if there is documentation of board approval, if required.

There is documentation of the Board approving each of the contracts.

### **Payroll and Personnel**

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

I did obtain a list of the three employees hired for the agency.

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

There are no employment contracts but the pay rate structures were done in strict accordance with the approval of the Board and/or management.

- Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

There are several pay rates/salaries that have not been approved.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Daily attendance and leave are documented on a payroll worksheet that covers the entire payroll pay period

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

The supervisor is approving the payroll worksheet for the office employee in most cases but not for the employee that works in the field (an inspector). The "Applications for Leave" are not always being completed or signed and at times they are being completed after the leave was taken.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

It does appear that the records maintained are accurate.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

One employee retired during the year receiving vacation pay that was approved and supported and adequately documented.

### ***Budget***

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1. Obtain a copy of the legally adopted budget and all amendments.

A copy and the original budget and amendment was obtained. However, the budget was not signed or submitted to the agencies listed in Louisiana Revised Statute 39:1335 in accordance with Louisiana Revised Statute 39:1331;

2. Trace the budget adoption and amendments to the minute book.

The original budget and the amendment were both traced to the board minutes where they were approved.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

There were no variances of the final budget to actual total of revenues or expenditures that were greater than 10%

### ***Debt Service***

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1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.
2. Determine compliance with applicable debt covenants.

Not applicable

### ***Corrective Action***

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1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Managements response and corrective action plan is included on a separate page on their letterhead.

### **Findings - 2013**

#### **Cash**

2013-1 - Finding – There is no evidence that management is reviewing the bank reconcillations.

#### **Credit Cards**

2013-2 - Finding – There is no evidence that management is reviewing the credit card statements.

#### **Travel and Expense Reimbursement**

2013-2 - Finding – the expense reports for the board members and employees were signed and approved; however, the expense report for the Executive Secretary was signed but not approved.

## **Payroll and Personnel**

2013-3 - Finding – Some of the employees pay rate/salaries were approved and documented; however, there are others employees who's wages and/or increases have not been documented for approval

2013-4 - Finding – The field employees or inspectors, attendance and leave records are not being approved by the supervisor in writing.

2013-5 - Finding – The form "Application for Leave" are not being prepared or signed on all occasions.

## **Budget**

2013-6 - Finding – The original budget and amendments are being approved by the board but they are not being filed with the agencies listed in the Louisiana Revised Statute 39:1335 or being prepared and signed in accordance with Louisiana Revised Statute 39:1331.

## **Prior year finding**

None

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Louisiana State Board of Private Security Examiners and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 8, 2013

A handwritten signature in black ink, appearing to read "Michael K. Glover APAC".

Michael K. Glover  
Michael K. Glover APAC



**MICHAEL K. GLOVER**  
**CERTIFIED PUBLIC ACCOUNTANT**  
(A Professional Accounting Corporation)

9497 BROOKLINE  
BATON ROUGE, LOUISIANA 70809  
(225) 295-1860

Exhibit B

Separate Schedule of Requested Disclosures

August 8, 2013

Daryl G. Pupera, CPA, CFE  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Louisiana State Board of Private Security Examiners

Contract for Professional Services between Louisiana Legislative Auditor and Michael K Glover APAC  
Section V. Report Deliverables Part B

1. There was no per diem payments or compensation paid to members of the governing board during the fiscal year.
2. There were no professional services payments made to contractors for surveys, feasibility studies, or special studies.

Sincerely,



Michael K. Glover CPA  
Michael K Glover APAC

## **Agency Response to Findings**



*Louisiana*  
*State Board of Private Security Examiners*

August 19, 2013

Michael K. Glover  
Certified Public Accountant  
9497 Brookline  
Baton Rouge, LA 70809

**Re: Response to findings for year ended June 30, 2013.**

**2013 - 1**

Finding \_ There is no evidence that management is reviewing the bank reconciliations.

Response - Management has established procedures to document management approval.

**2013-2**

Finding – There is no evidence that management is reviewing the credit card statements.

Response - Management has established procedures to document management approval.

**2013 – 3**

Finding – The expense reports for the board members and employees were signed and approved; however, the expense report for the Executive Director was signed but not approved.

Response - Management has established procedures to document management approval.

**2013 – 4**

Finding - Some of the employees pay/salaries were approved and documented; however, there are other employees who's wages and /or increase have not been documented for approval.

Response – Management has established procedures to document all increase.

**2013 – 5**

Finding – The field employees or inspectors, attendance and leave records are not being approved by the supervisor in writing.

Response - Management has established procedures to insure that all attendance and leave records have proper approval.

**2013 – 6**

Finding – The form “Application for leave” are not being prepared or signed on all occasions.

Response – Management has established procedures to insure that all leave forms are properly completed.

**2013 – 7**

Finding – The original budget and amendments are being approved by the board but they are not being filed with the agencies listed in the Louisiana revised Statue 39: 1335 or being prepared and signed in accordance with Louisiana Revised Statue 39:1331.

Response – Management has established procedures to insure that budget is signed and submitted to the proper agencies.

Sincerely,

*Wayne R. Rojas*  
*Executive Secretary*